

1963

CONGRESSIONAL RECORD — APPENDIX

A1309

ductive investment would be heightened through enlarged demand and through reduced corporate tax rates which will increase aftertax profits. And the production of new machines and the building of new factories, offices, stores, and apartments would further increase consumer incomes in the same way as would the expanded production of consumer goods.

No industry as large as the construction industry, as vital and as closely linked to the country's economic well-being, can afford to ignore these very real implications of the President's tax program. In the four quarters ending in the last quarter of 1962, our rate of economic growth was only 2.7 percent—compared with our entire postwar average of 3.4 percent. If in 1964 we were merely to return to this postwar average—and we fully expect to do better than that—then by the end of that year we could expect business construction expenditures, should they do no more than retain their present percentage of total output, to rise by roughly around \$2 to \$3 billion over the present \$21.2 billion. But should a new and more brisk investment atmosphere restore to business construction the proportion of total output it held in the late fifties, then we might expect expenditures to rise by more than twice that amount.

Certainly in a period of accelerated economic growth, which the tax program is designed to foster, industry will not find it sufficient to concentrate its investment in new equipment alone. For increased demand for present products, and the increased profitability of expanding present capital investment for existing goods and processes, would create a highly favorable atmosphere for new products and processes and the new plants needed to produce them.

Industry is, of course, not the only or even the largest market for the construction industry. But I think it is quite clear that in your other markets as well a similar process would occur. In 1962, for example, State and local governments financed \$11.3 billion, or almost one-fifth, of all construction activity. Yet many State and local government units have found it increasingly difficult to finance, not only many new and needed projects, but needed expansions of present projects. New schools, new urban renewal developments, greater matching funds for highways, new roads, and many other programs suffer because State and local governments simply cannot find the revenues necessary to support them.

The economic expansion we anticipate as a result of the President's tax program offers a genuine opportunity for a health increase in State and local revenues to finance needed public construction without raising State and local tax rates. This must be of more than passing importance to you in view of the increasing resistance to rises in State and local tax rates and bond issues for construction purposes.

Within a few years, the proposed tax program will lift our gross national product substantially over what it would otherwise be. Assuming that this additional growth would amount to \$50 billion per annum, then this would mean an increase of 8 percent, or \$3.5 billion, in tax revenues collected by States and local units at present effective rates. The State of Michigan, for instance, would realize \$2.5 billion as its proportionate share of the gross national product increase. Or should the induced increase in gross national product reach only a range of \$30 billion, then this would mean an increase of over 5 percent, or \$2 billion, in State and local tax revenue. Michigan's proportionate share would be \$1.5 billion. And throughout the country the reduction in Federal taxes, along with greater prosperity and lower unemployment, would lessen the pressure on local and State budgets

from welfare and relief costs, leaving more money available for other needs.

The point, I think, is abundantly clear: In the expanded economy which the President's tax program is fully capable of generating, the construction industry cannot help but thrive. But let me make it equally clear that the proposed tax program that can provide this stimulus is a program of tax reform as well as rate reduction. Nor should anyone deceive himself into believing that, without any of the proposed reforms, the tax program would be as effective as I have described it. The President himself has emphasized that of all the reforms the largest and the most important is rate reduction itself. This, however, should not be interpreted to suggest that the reforms are merely something added to the program as an afterthought with no importance in and of themselves. The reforms, I can assure you, are an essential part of the overall program.

Everyone agrees that the tax program must include, as its most important element, substantial tax reduction and rate reduction. But not everyone realizes that the proposed reforms are vital—not only in terms of equity, hardship relief, and economic growth—but to the very achievement of larger rate reductions than would be fiscally responsible without them. With the reforms it is possible to obtain rate cuts of \$13.6 billion, together with additional help for the poor and aged which bring this figure well over \$14 billion, at an overall cost of only \$8.8 billion. The reforms—including the gradual transition to a more current tax payment basis for corporations—will, in other words, offset more than \$5 billion—well over a third—of the budgetary impact of the most important part of the program, the rate reductions and hardship relief. The only way, therefore, to achieve the largest possible rate cuts within the limits of fiscal responsibility is to combine them with base-broadening tax reforms.

I do not mean to suggest that the Congress must accept the reforms in exactly the size and shape proposed by President Kennedy. As the President himself has noted, this is a matter for the Congress to decide. What I do mean is that every measure which whittles away at those reforms must be compensated for in some fashion. If one takes part of that \$5 billion offset away, one must run the risk of a greater budgetary impact with the consequent fears of inflation that this may well raise in some quarters. Or one has another alternative—one can whittle away at the rates themselves, thus blunting the overall thrust of the program by weakening its most essential part.

My point is, in short, that the reforms are an essential and integrated part of the entire program. Any effort to remove them—in part or entirely—is bound to have a price of its own. Those who oppose the reforms, whether they do so on grounds of principle or because those reforms would interfere with the benefits they would otherwise receive from the rate reductions, should reflect upon the alternatives before they commit themselves irreparably. They would look beyond what the program means in terms of dollars and cents tax cuts. They should look beyond what the program would put in their pocketbook this year, next year, or 1965. If there is one thought I would like to leave with you today it is that you and, indeed, anyone seriously concerned with the economic welfare of this Nation should look very carefully at the tax program in the light of that welfare.

This program was not devised as a quick shot in the arm for a lagging economy. It was not devised as mere adrenalin to help us cope more readily with any difficulties in the immediate road ahead. It was designed for one purpose and one purpose alone—to

lift our economy onto another plane—a plane on which it can move forward more consistently and more rapidly in the future than it has been able to in the past. This is the only kind of economy that would give us more jobs, more sales, more income—and more construction—not only for next year or for the next 3 years, but for many years and perhaps for even decades to come.

For richer or poorer, the performance of the construction industry—as of all other industry and all our people—is inextricably wedded to the performance of our economy. And how well our economy performs in the years ahead depends on how far we today can look beyond our parochial and conflicting self-interests to the larger self-interest common to us all that the President's tax program is well designed to serve.

Bay of Pigs: The Curtain Is Lifting

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 11, 1963

Mr. ALGER. Mr. Speaker, the following article from U.S. News & World Report of March 18, 1963, "The Bay of Pigs: The Curtain Is Lifting," is but another story of the emerging truth of U.S. backdown.

The most disconcerting part, of course, is to learn so long after the fact what part the United States played and to learn it almost by happenstance rather than to be forthrightly told by our own national leaders.

This further story of the Bay of Pigs disaster adds to our knowledge of what took place although we have not yet been told the full story by the President and those responsible.

Under leave to extend my remarks, I include the article in the Record.

BAY OF PIGS: THE CURTAIN IS LIFTING

That clamp of secrecy on what happened at the Bay of Pigs in April 1961, just will not stay put. Information keeps leaking out.

Now it shows; Americans were in far deeper than officials admit. And U.S. air power was ready to go on a moment's notice.

More and more details are breaking through the curtain of secrecy to show how deeply Americans were involved in the Bay of Pigs invasion of Cuba.

For 2 years, the official story in Washington has been that the attempt to overthrow Fidel Castro in 1961 was an all-Cuban affair. But it is clear now that many Americans took part in it, and that U.S. forces were poised, ready to join in.

U.S. Navy jets, their identifying insignia painted out, were lined up on airstrips at Key West, Fla., within easy striking distance of the Bay of Pigs. They never got the signal to go.

A U.S. aircraft carrier, jets ready on her flight deck, was on station near Cuba. Other American jets were in the air almost constantly, patrolling just off the invasion beaches.

American frogmen scouted the beaches in advance of the attack. American combat veterans flew B-26 bombers into the battle zone and piloted planes carrying Cuban paratroopers who were dropped in advance of infantrymen.

None of these men were members of the regular U.S. Armed Forces, although several